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**DIW** Berlin

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*The Executive Board as well as all Staff Members  
of DIW Berlin wish you  
a Merry Christmas and a Happy New Year.*



Dear Readers,

We are delighted to provide you with our pre-Christmas DIW-Newsletter, which contains up-to-date information on activities at DIW Berlin. The following are some of the topics of this year's last issue:

From January 1, 2005 on, Prof. Dr. Alfred Steinherr will act as interim Head of the Department of Macro Analysis and Forecasting at DIW Berlin. Alfred Steinherr will fulfill this function in addition to his position as Chief Economist at the European Investment Bank (EIB).

With the "Magdeburg Alternative" Prof. Dr. Ronnie Schoeb from the University of Magdeburg presented a possible solution to labor market problems in Germany within the scope of a DIW Berlin Seminar. In his opinion, the advantages of the model lie in its easy implementation as well as in the fact that national expenditures could be reduced and unemployment figures lowered.

DIW Berlin has extended its services for readers interested in economics and politics. On our website you can find numerous links to research institutes,

organisations, and much more.

If you enjoy reading our DIW-Newsletter please recommend it to other possible subscribers.

With kind regards,

Sabrina Ortmann (sortmann@diw.de)

### **Service Department Information and Organization**

The monthly DIW-Newsletter informs you on developments in and around DIW Berlin, such as news about staff members, events, calls for papers, employment opportunities, press coverage, and much more. The newsletter is available free of charge by e-mail. Subscriptions may be **cancelled** easily and at any time.



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### News from DIW Berlin

#### **Prof. Dr. Alfred Steinherr appointed interim Head of the Department of Macro Analysis and Forecasting**

From January 1, 2005 on, Prof. Dr. Alfred Steinherr will act as interim Head of the **Department of Macro Analysis and Forecasting** at DIW Berlin. Alfred Steinherr (60) will fulfill this function in addition to his position as Chief Economist at the European Investment Bank (EIB). Alfred Steinherr has served as Chief Economist at the EIB since 1995. **Prof. Dr. Klaus F. Zimmermann**, President of DIW Berlin, said: “We are very delighted that we were able to engage an internationally renowned economist with excellent macro-economic competencies like Alfred Steinherr. He has intense and widespread experience in the fields of political consulting and research, and furthermore has outstandingly published in scientific journals. Alfred Steinherr will hold the position as Head of the Department of Macro Analysis and Forecasting until the future Head of Department will have been nominated and and he will consult with the Recruitment Committee with regard to the applicants.”



Prof. Dr. Alfred Steinherr is the interim Head of Department of Macro Analysis and Forecasting

- Further information:  
[www.diw.de/programme/jsp/presse.jsp?pcode=351&language=en](http://www.diw.de/programme/jsp/presse.jsp?pcode=351&language=en)



## **“Hartz IV and the Magdeburg Alternative“, DIW Berlin Seminar by Prof. Dr. Ronnie Schoeb**

There is no doubt that a solution to labor market problems in Germany has to be found. With the Magdeburg Alternative Prof. Dr. Ronnie Schoeb from the University of Magdeburg presented a possible solution in the context of a DIW Berlin Seminar, held at the Institute on December 9, 2004. In his opinion, the advantages of the model jointly developed with Prof. Dr. Joachim Weimann lie in its easy implementation as well as in the fact that national expenditures could be reduced by 4,5 bn euros and unemployment figures lowered by 1,8 million.

Ronnie Schoeb and Joachim Weimann, also from the University of Magdeburg, had already developed this alternative to the Hartz reforms a while ago, describing it in their book „Arbeit ist machbar! - Die neue Beschaeftigungsformel“ (New Job Creation is Possible!- The New Employment Formula"). In this book, both economists analyze the consequences of Hartz IV as well as possible solutions to the current employment and social difficulties through the implementation of their model, the Magdeburg Alternative.



Prof. Dr. Viktor Steiner in conversation with Prof. Dr. Ronnie Schoeb

- Further information:  
[www.diw.de/english/dasinstitut/info/Institutsseminar\\_Schoeb.html](http://www.diw.de/english/dasinstitut/info/Institutsseminar_Schoeb.html)



### **Useful Links on Economics and Politics**

DIW Berlin has completely relaunched and extended its link list. Its aim is to help you find relevant information on economics and politics. You will find numerous links to websites from the following categories: Economic Research Institutes, Research Co-operations of DIW Berlin, Research Networks, Universities, German Politics, European Union, Organizations and Associations as well as Career Links.



- You can find the link-list on our website:  
[www.diw.de/english/produkte/service/links/](http://www.diw.de/english/produkte/service/links/)
- Further news from DIW Berlin:  
[www.diw.de/english/dasinstitut/info/](http://www.diw.de/english/dasinstitut/info/)



## Personnel

### New Research Co-operations of DIW Berlin

**Prof. Dr. Klaus F. Zimmermann**, President of DIW Berlin, has recently appointed the following new Research Professors and Research Affiliates:



**Prof. Dr. Juergen Blazejczak**, Technical University of Merseburg, was appointed to the position of Research Professor for three years from January 1, 2005 on, upon recommendation of the **Department of Energy, Transportation, Environment**. The economist already worked as Lecturer and Project Director at DIW Berlin from 1978 to 1998, and primarily investigates the areas of innovation, sustainability and structural change.



**Prof. Dr. Michaela Kreyenfeld**, Research Associate at the Max-Planck-Institute for Demographic Research (MPIDR) has joined DIW Berlin as Research Professor since December 1, 2004, for the next three years upon recommendation of the **Socio-Economic Panel Study (SOEP)**. As a Junior

Professor, she teaches on the causes and consequences of demographic change at the Institute of Sociology of Rostock University. Her main research subjects are female employment, fertility and child care.



**Dr. Karsten Hank**, University of Mannheim, was appointed to the position of Research Affiliate of the Institute upon recommendation of the **Socio-Economic Panel Study (SOEP)** on December 1, 2004. He is Research Assistant at the Mannheim Institute for the Economics of Aging (MEA) and is involved in the SHARE project, "Survey of Health, Ageing and Retirement in Europe". His research areas are quantitative social research as well as the sociology of population and family. As a Research Associate at the Max-Planck-Institute for Demographic Research (MPIDR) in Rostock, he investigated the relationship between fertility and child care and other related areas.



**Hendrik Juerges**, University of Mannheim, also works at the Mannheim Research Institute for the Economics of Aging (MEA). The Deputy Director of the SHARE project "Survey of Health, Ageing and Retirement in Europe" was appointed to the position of Research Affiliate at the beginning of December 2004 upon recommendation of the **Socio-Economic Panel Study (SOEP)**. His research projects include among other things "Research and life-long learning as raw material of an aging society" and "Economic effects of early retirement".

Furthermore the following co-operations have been extended for another three years:



**Prof. Dr. Michael Fritsch**, Technical University Bergakademie Freiberg, Department of Economic Policy. Michael Fritsch is Research Professor of the **Department of Innovation, Manufacturing, Service**.



**Prof. Dr. Hans-Georg Petersen**, University Potsdam, Department of Economic and Social Studies. Hans-Georg Petersen is Research Professor of the **Department of Public Economics**.

- More research co-operations of DIW Berlin:  
[www.diw.de/english/dasinstitut/kooperationen/index.html](http://www.diw.de/english/dasinstitut/kooperationen/index.html)



## **Publications**

### **Current Weekly Report of DIW Berlin No. 51/2004**

Employment Structure of East European EU Countries prior to Further Adaptation to Western Europe

The employment structures of East European EU countries and entry candidates are still markedly different from market economies with a per capita income as that in West European countries. This is the conclusion of an analysis published in the latest Weekly Report of DIW Berlin No. 51/2004. Using a data record for market economies at various levels of development, a standard unit for comparison („benchmarks“) was defined for the new East European EU countries, which allows to assess structural changes and can also be used for future simulation. According to this benchmark, there will be a significant rise in relative employment in the construction, trade and financial sectors, as well as in the public sector, social services and other private services until 2015. Even though the employment rate in the financial sector is already high, noticeable increases can partially be expected if the per capita income of the population continues to increase. Furthermore, in all East European EU countries, except Poland, continuous relative job reductions in the processing industries are to be expected, even more so in Slovenia and in the Czech Republic. As far as Poland is concerned, slight job increases in this sector are foreseen. Massive job cuts in the agricultural sector are to be taken into account, especially in Poland, Lithuania and Latvia.

Unlike East European countries, the progress of EU entry candidates Romania and Bulgaria in adjusting their employment structure to a "normal" level as defined in the analysis has been relatively slow. This is especially due to a job increase in the agricultural sector in these countries. In these two countries, a decrease in structural differences could only be determined in 1991.

In the analysis, numerous factors influencing the employment structure are being investigated. In this respect, the per capita income has a particularly strong influence. However, this is the first time that significant factors like the dimension of political stability and the dimension of corruption have been taken into account in such a structural analysis. Among others they positively affect employment in the industrial and financial sectors, whereas they have a

weakening effect on the relative employment in the agricultural sector.



- Current Weekly Report of DIW Berlin No. 51/2004:  
[www.diw.de/deutsch/produkte/publikationen/wochenberichte/docs/04-51-1.html](http://www.diw.de/deutsch/produkte/publikationen/wochenberichte/docs/04-51-1.html)



### **Weekly Report of DIW Berlin No. 50/2004**

#### **Upswing in Industrial Output Carried by Foreign Trade**

According to the Weekly Report of DIW Berlin No. 50/2004, against the background of an overall positive development in 2005 in Europe and also in Germany, German industrial output will continue to substantially increase, achieving a good 3% growth (adjusted to 3,7% per working day). In 2004, German industrial output increased more than originally expected; the 2003 level should exceed 2004 by 4% (adjusted to 2,9% per working day). In spite of high euro rates against the US dollar, foreign demand has considerably increased. Growth sectors also included those sectors which as suppliers only produce indirectly for export. Domestic demand still had a negligible influence on industrial output. With sustained high demand for German industrial products, especially companies producing investment goods and their suppliers will reach their capacity limit in 2005 and invest more. The resulting effects on industrial output should more than make up for a decreasing growth of foreign demand. This year, German industry proved that it can be competitive overall, even with euro rates remaining high. Should the current dollar weakness last or even worsen, industrial output will be lower than forecast in this report. On the one hand, export volumes would sink, on the other hand, German companies' demand for investment goods would be slowed down due to decreased earnings.

- Weekly Report of DIW Berlin No. 50/2004:  
[www.diw.de/deutsch/produkte/publikationen/wochenberichte/docs/04-50-1.html](http://www.diw.de/deutsch/produkte/publikationen/wochenberichte/docs/04-50-1.html)



### **Quarterly Journal of Economic Research**

#### **On the Future of the Stability and Growth Pact**

The European Stability and Growth Pact as a major instrument of political-economic discipline is in need of reform. This is the key conclusion presented in the latest issue of the Quarterly Journal of Economic Research published by DIW Berlin. Under the title "On the Future of the Stability and Growth Pact",

renowned economists analyze the weaknesses of the pact based on present experiences, and expound numerous suggestions for reform.



- Quarterly Journal of Economic Research 2004-3:  
[www.diw.de/english/produkte/publikationen/vierteljahrshefte/jahrgang04/content\\_3.html](http://www.diw.de/english/produkte/publikationen/vierteljahrshefte/jahrgang04/content_3.html)
- Press Release of DIW Berlin on December 1, 2004:  
[www.diw.de/programme/jsp/presse.jsp?pcode=352&language=en](http://www.diw.de/programme/jsp/presse.jsp?pcode=352&language=en)



### **New Issues: "Stability and Growth"**

On our website you can find numerous publication lists, which provide you with a selection of articles of DIW Berlin's economists about current economic policy issues. At the moment we offer issues on "Berlin-Brandenburg", "Child Care / Housing", "EU Eastern Enlargement", "Health Care Reform / Health Policy", "Information Society", "Media and Culture", "Sustainability" and "Women's Employment". The newest issue is a list of publications about "Stability and Growth".

- Issues: "Stability and Growth":  
[www.diw.de/english/produkte/service/themenlisten/medienliste\\_stabilitaet.html](http://www.diw.de/english/produkte/service/themenlisten/medienliste_stabilitaet.html)
- Other available issues:  
[www.diw.de/english/produkte/service/themenlisten/](http://www.diw.de/english/produkte/service/themenlisten/)



### **DIW Berlin: Policy Advice Compact**

Policy Advice is one of our main tasks. DIW Berlin furnishes opinions for the Federal Government of Germany, the Commission of the European Union, the Ministries of Federal and State Governments, political parties, interest groups and associations, and the social partners. In the new series "DIW Berlin: Policy Advice Compact" these research reports will be published. Beside these policy advices descriptive empirical reports like market analyses or reports on the economical structure are published in this series.

Issue No. 4

"Die pharmazeutische Industrie im gesamtwirtschaftlichen Kontext: Ausstrahlung auf Produktion und Beschäftigung in den Zulieferbereichen", by Joerg-Peter Weiss, Stephan Raab and Joachim Schintke. Final Report from

November 19, 2004, on behalf of the German Association of Research-Based Pharmaceutical Companies.



- The publication (in German) is available free of charge as a pdf-file:  
[www.diw.de/deutsch/produkte/publikationen/diwkompakt/docs/diwkompakt\\_2004-004.pdf](http://www.diw.de/deutsch/produkte/publikationen/diwkompakt/docs/diwkompakt_2004-004.pdf)



### **Articles by DIW Berlin Staff Members in Refereed Journals** (November 16 to December 10, 2004)

Norm-Based Trade Union Membership: Evidence for Germany  
Laszlo Goerke; **Markus Pannenberg**

In: German Economic Review  
5(2004) issue 4; p. 481-504

The Incentives for Takeover in Oligopoly  
Roman Inderst; **Christian Wey**

In: International Journal of Industrial Organization  
22(2004) issue 8-9; p. 1067-1089

- More articles by staff members of DIW Berlin:  
[www.diw.de/deutsch/dasinstitut/info/nl\\_publicationen\\_20030822.html](http://www.diw.de/deutsch/dasinstitut/info/nl_publicationen_20030822.html)



### **Events**

#### **Upcoming Events**

##### **DIW Berlin Seminar**

Date: January 6, 2005, 2 pm

"Oekonomische Entscheidungen im privaten Haushalt. Der wechselseitige Einfluss von Partnern"

Prof. Dr. Erich Kirchler, University of Vienna

Location: DIW Berlin, Englerallee 40, 14195 Berlin, Room E 05

Contact: Renate Bogdanovic, DIW Berlin, Phone: +49-30-897 89-259, E-Mail: [rbogdanovic@diw.de](mailto:rbogdanovic@diw.de)

##### **3rd Berlin E-Business Workshop "The Role of Government in Promoting Electronic Business"**

Date: March 3 and 4, 2005

E-business has made a contribution towards a more efficient structure for production and distribution processes in companies and organizations, and consequently an acceleration of them, particularly in the last few years. Major differences in the application of these technologies among different companies, industrial sectors and states can be noted, though; in many cases, the full potential of e-business applications has not yet been able to be exhausted. The objective of this workshop, organized by DIW Berlin, is to therefore provide an overview of existing instruments and incentive systems and to discuss ideas for new concepts with which an exhaustive application of e-business can be ensured on the part of the government.

Location: DIW Berlin, Koenigin-Luise-Strasse 5, 14195 Berlin

Contact: Dr. Brigitte Preissl, DIW Berlin, Phone: +49-30-897 89-237, E-Mail: [bpreissl@diw.de](mailto:bpreissl@diw.de)

### **“Introduction to the Analysis of SOEP Data” Workshop**

Date : March 7 and 8, 2005

**For further information** on this workshop please go to the category SOEP in this newsletter.

### **Banking Conference**

Date: June 3 and 4, 2005

DIW Berlin, the Journal of Financial Intermediation (JFI) and the Federal Reserve Bank of Philadelphia will be the hosts of an international conference on "Bank Relationships, Credit Extension and the Macroeconomy" in June 2005 in Berlin.

Location: dbb forum berlin, Friedrichstrasse 169/170, 10117 Berlin.

Contact: Dr. Dorothea Schaefer, DIW Berlin, Phone: +49-30-897 89-162, E-Mail: [dschaefer@diw.de](mailto:dschaefer@diw.de)



### **The German Socio-Economic Panel (SOEP)**



Basic research and scientific service are the main assignments of the **Department German Socio-Economic Panel**. SOEP is a wide-ranging representative longitudinal study of private households. It provides information on all household members, consisting of Germans living in the Old and New German Laender, foreigners, and recent immigrants to Germany. The panel was started in 1984. In 2003, more than 12,000 households, and nearly 24,000 persons were sampled.

### **Workshop “Introduction to the Analysis of SOEP Data” at DIW Berlin in 2005**

The Socio-Economic Panel will host a workshop (in German) introducing new users to the analysis of SOEP data on March 7-8, 2005, in Berlin. Co-organizer is the Technische Universitaet Berlin (TU Berlin). Along with introductory sessions, the workshop will offer lectures on “content, structure and possibilities for data use”, and on “estimation and weighting”. The workshop will emphasize hands-on learning, and will include an online

demonstration of the wide range of possibilities available through the online service SOEPinfo. Attendees will familiarize themselves with various software packages for analyzing SOEP data in small working groups, and will learn about the extensive documentation materials and support software available. Further information, requirements, and registration forms are available in **SOEP Newsletter no. 66**. The next international workshop (in English) will take place at the beginning of September 2005 at Cornell University/USA. Special workshops in English are available on request if a sufficient number of users is interested.

### **Results of SOEP User Survey 2004**

The SOEP "User Survey 2004", which was carried out in spring of the past year, has generated important ideas for improving SOEP services. Approximately 43% of all respondents stated that particular questions are missing from SOEP. Their suggestions are extremely diverse in content, and apply to both the current main questionnaire and the topical modules that are distributed at longer intervals. SOEP staff members are currently working together with the SOEP Scientific User Committee to enhance SOEP surveys by integrating as many of these suggestions as possible. This has already led to improvements of the 2005 questionnaire, which for example now includes new questions on personality structure and political participation. The implementation of these suggestions is a long-term process that will take several years in total, as new questions also have to be tailored to fit into SOEP's longitudinal program.

- Further information can be found in the SOEP-Newsletter No. 66 (in German):  
[www.diw.de/deutsch/sop/newsletter/2004/nl66.pdf](http://www.diw.de/deutsch/sop/newsletter/2004/nl66.pdf)



### **Call for Papers**

#### **Risk Classification and Public Policy**

11th Joint Seminar of the European Association of Law and Economics and the Geneva Association "Risk Classification and Public Policy", June 16 to June 18, 2005, Berlin.

Submission deadline: January 15, 2005

Contact: Reimund Schwarze, Phone: +49-30-897 89-297, E-Mail: [rschwarze@diw.de](mailto:rschwarze@diw.de).

- Further information (PDF):  
[www.diw.de/deutsch/produkte/service/callforpapers/docs/20041104\\_cfp\\_ga-eale.pdf](http://www.diw.de/deutsch/produkte/service/callforpapers/docs/20041104_cfp_ga-eale.pdf)

#### **The Economic Costs of Climate Change**

Call for Papers for the issue 2/2005 of Quarterly Journal of Economic Research on "The Economic Costs of Climate Change".

Submission deadline: March 1, 2005

- Further information (only in German):  
[www.diw.de/deutsch/produkte/publikationen/vierteljahrshefte/callforpapers/call\\_2005\\_2.html](http://www.diw.de/deutsch/produkte/publikationen/vierteljahrshefte/callforpapers/call_2005_2.html)

## Architecture of European Financial Markets

Call for Papers for the issue 2/2005 of Quarterly Journal of Economic Research of DIW Berlin.

Submission deadline: Abstracts are expected until January 15, 2005; submission of the whole manuscript is due on July 15, 2005.

- Further information (only in German):  
[www.diw.de/deutsch/produkte/publikationen/vierteljahrshefte/callforpapers/call\\_2005\\_4.html](http://www.diw.de/deutsch/produkte/publikationen/vierteljahrshefte/callforpapers/call_2005_4.html)
- More Call for Papers are available on our website:  
[www.diw.de/english/produkte/service/callforpapers/](http://www.diw.de/english/produkte/service/callforpapers/)



## DIW Berlin – A Brief Introduction

The German Institute for Economic Research (DIW Berlin) is one of the leading research institutes in Germany. It is an independent, non-profit academic institute which is involved in basic research and policy advice. DIW Berlin was originally founded in 1925 as Institute for Business Cycle Research and was later renamed in German Institute for Economic Research.

- Further information:  
[www.diw.de/english/dasinstitut/](http://www.diw.de/english/dasinstitut/)



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